

Apple Inc.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)

(In millions, except number of shares which are reflected in thousands and per share amounts)

	Three Months Ended		Twelve Months Ended	
	September 26, 2020	September 28, 2019	September 26, 2020	September 28, 2019
Net sales:				
Products	\$ 50,149	\$ 51,529	\$ 220,747	\$ 213,883
Services	14,549	12,511	53,768	46,291
Total net sales ⁽¹⁾	64,698	64,040	274,515	260,174
Cost of sales:				
Products	35,197	35,238	151,286	144,996
Services	4,812	4,489	18,273	16,786
Total cost of sales	40,009	39,727	169,559	161,782
Gross margin	24,689	24,313	104,956	98,392
Operating expenses:				
Research and development	4,978	4,110	18,752	16,217
Selling, general and administrative	4,936	4,578	19,916	18,245
Total operating expenses	9,914	8,688	38,668	34,462
Operating income	14,775	15,625	66,288	63,930
Other income/(expense), net	126	502	803	1,807
Income before provision for income taxes	14,901	16,127	67,091	65,737
Provision for income taxes	2,228	2,441	9,680	10,481
Net income	\$ 12,673	\$ 13,686	\$ 57,411	\$ 55,256
Earnings per share:				
Basic	\$ 0.74	\$ 0.76	\$ 3.31	\$ 2.99
Diluted	\$ 0.73	\$ 0.76	\$ 3.28	\$ 2.97
Shares used in computing earnings per share:				
Basic	17,057,622	17,963,249	17,352,119	18,471,336
Diluted	17,256,521	18,081,493	17,528,214	18,595,651
⁽¹⁾ Net sales by reportable segment:				
Americas	\$ 30,698	\$ 29,322	\$ 124,556	\$ 116,914
Europe	16,900	14,946	68,640	60,288
Greater China	7,946	11,134	40,308	43,678
Japan	5,023	4,982	21,418	21,506
Rest of Asia Pacific	4,131	3,656	19,593	17,788
Total net sales	\$ 64,698	\$ 64,040	\$ 274,515	\$ 260,174
⁽¹⁾ Net sales by category:				
iPhone	\$ 26,444	\$ 33,362	\$ 137,781	\$ 142,381
Mac	9,032	6,991	28,622	25,740
iPad	6,797	4,656	23,724	21,280
Wearables, Home and Accessories	7,876	6,520	30,620	24,482
Services	14,549	12,511	53,768	46,291
Total net sales	\$ 64,698	\$ 64,040	\$ 274,515	\$ 260,174

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CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited)

(In millions, except number of shares which are reflected in thousands and par value)

	September 26, 2020	September 28, 2019
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 38,016	\$ 48,844
Marketable securities	52,927	51,713
Accounts receivable, net	16,120	22,926
Inventories	4,061	4,106
Vendor non-trade receivables	21,325	22,878
Other current assets	11,264	12,352
Total current assets	143,713	162,819
Non-current assets:		
Marketable securities	100,887	105,341
Property, plant and equipment, net	36,766	37,378
Other non-current assets	42,522	32,978
Total non-current assets	180,175	175,697
Total assets	\$ 323,888	\$ 338,516
LIABILITIES AND SHAREHOLDERS' EQUITY:		
Current liabilities:		
Accounts payable	\$ 42,296	\$ 46,236
Other current liabilities	42,684	37,720
Deferred revenue	6,643	5,522
Commercial paper	4,996	5,980
Term debt	8,773	10,260
Total current liabilities	105,392	105,718
Non-current liabilities:		
Term debt	98,667	91,807
Other non-current liabilities	54,490	50,503
Total non-current liabilities	153,157	142,310
Total liabilities	258,549	248,028
Commitments and contingencies		
Shareholders' equity:		
Common stock and additional paid-in capital, \$0.00001 par value: 50,400,000 shares authorized; 16,976,763 and 17,772,945 shares issued and outstanding, respectively	50,779	45,174
Retained earnings	14,966	45,898
Accumulated other comprehensive income/(loss)	(406)	(584)
Total shareholders' equity	65,339	90,488
Total liabilities and shareholders' equity	\$ 323,888	\$ 338,516

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

(In millions)

	Twelve Months Ended	
	September 26, 2020	September 28, 2019
Cash, cash equivalents and restricted cash, beginning balances	\$ 50,224	\$ 25,913
Operating activities:		
Net income	57,411	55,256
Adjustments to reconcile net income to cash generated by operating activities:		
Depreciation and amortization	11,056	12,547
Share-based compensation expense	6,829	6,068
Deferred income tax benefit	(215)	(340)
Other	(97)	(652)
Changes in operating assets and liabilities:		
Accounts receivable, net	6,917	245
Inventories	(127)	(289)
Vendor non-trade receivables	1,553	2,931
Other current and non-current assets	(9,588)	873
Accounts payable	(4,062)	(1,923)
Deferred revenue	2,081	(625)
Other current and non-current liabilities	8,916	(4,700)
Cash generated by operating activities	80,674	69,391
Investing activities:		
Purchases of marketable securities	(114,938)	(39,630)
Proceeds from maturities of marketable securities	69,918	40,102
Proceeds from sales of marketable securities	50,473	56,988
Payments for acquisition of property, plant and equipment	(7,309)	(10,495)
Payments made in connection with business acquisitions, net	(1,524)	(624)
Purchases of non-marketable securities	(210)	(1,001)
Proceeds from non-marketable securities	92	1,634
Other	(791)	(1,078)
Cash generated by/(used in) investing activities	(4,289)	45,896
Financing activities:		
Proceeds from issuance of common stock	880	781
Payments for taxes related to net share settlement of equity awards	(3,634)	(2,817)
Payments for dividends and dividend equivalents	(14,081)	(14,119)
Repurchases of common stock	(72,358)	(66,897)
Proceeds from issuance of term debt, net	16,091	6,963
Repayments of term debt	(12,629)	(8,805)
Repayments of commercial paper, net	(963)	(5,977)
Other	(126)	(105)
Cash used in financing activities	(86,820)	(90,976)
Increase/(Decrease) in cash, cash equivalents and restricted cash	(10,435)	24,311
Cash, cash equivalents and restricted cash, ending balances	\$ 39,789	\$ 50,224
Supplemental cash flow disclosure:		
Cash paid for income taxes, net	\$ 9,501	\$ 15,263
Cash paid for interest	\$ 3,002	\$ 3,423